VLERICK BUSINESS SCHOOL

2018 M&A MONITOR

SHEDDING LIGHT ON M&A IN BELGIUM

CENTRE FOR MERGERS,
ACQUISITIONS AND BUYOUTS

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ACKNOWLEDGMENTS

This report was prepared by Mathieu Luypaert, Professor of Corporate Finance and M&A at Vlerick Business School and Gianni Spolverato, Research Associate at the Centre for Mergers, Acquisitions and Buyouts.

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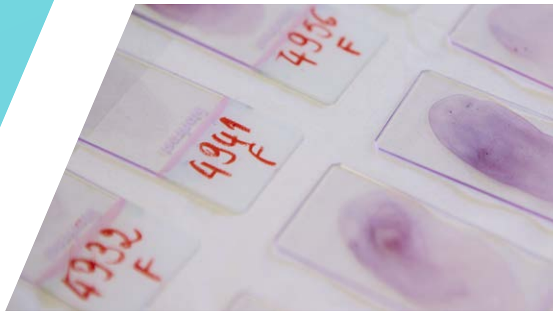

ABOUT THE CENTRE FOR MERGERS, ACQUISITIONS AND BUYOUTS

Vlerick Business School's Centre for Mergers, Acquisitions and Buyouts develops and disseminates knowledge concerning best practices in the entire M&A field – from deal origination to completion, from financing to integration. The Centre reaches out to key decision-makers and influencers in an M&A process as well as to professional advisors and intermediaries. Founded in 2016, the Centre incorporates all of the activities of the Platform for Entrepreneurial Buyouts, including the annual Buy Your Own Company Conference and the Buyout Academy. Its activities are supported by Bank J.Van Breda & C°, BDO, Gimv and NautaDutilh.

BANK J.VAN BREDA & C° is a specialised bank focusing exclusively on family businesses and the liberal professions, covering both professional and private needs throughout the client's lifetime. We assist our clients in systematically building up, managing and protecting their assets. Our clients can count on us for personal, specialised and proactive advice. Bank J.Van Breda & C° is a 100% Belgian bank and is part of the group Ackermans & van Haaren.

BDO Belgium specialises in four areas: Audit & Assurance, Accounting & Reporting, Tax & Legal, and Advisory (including Corporate Finance). BDO provides to-the-point expert advice. Our clients value us especially for our straightforward and pragmatic approach, availability, proximity, integrity and our international network. In Belgium, BDO has more than 600 partners and staff working out of 9 offices. BDO is part of a strong international network with about 75,000 partners and staff active in more than 150 countries.

Gimv is a European investment company with over three decades of experience in private equity and venture capital. Gimv is listed on Euronext Brussels and currently manages around €1.8 billion (including co-investment partnerships) of investments in about 50 portfolio companies. As a recognised market leader in selected investment platforms, Gimv identifies entrepreneurial and innovative companies with high-growth potential and supports them in their transformation into market leaders. These companies can be in different stages of their life cycle: from young companies with strong growth ambitions, to healthy and established companies with the ambition of becoming a trendsetter. Gimv's four investment platforms are: Connected Consumer, Health & Care, Smart Industries, and Sustainable Cities. Each of these platforms works with a skilled and dedicated team across Gimv's home markets of the Benelux, France and Germany and can count on an extensive international network of experts.

NautaDutilh is an international law firm with offices in Amsterdam, Brussels, London, Luxembourg, New York and Rotterdam. Founded in 1994, the Brussels office has become an important player in the Belgian legal market, with the capability to handle the most complex cases. Focusing on seven sectors (financial Institutions, real estate & infrastructure, energy & natural resources, life sciences, BeTech, private equity and professional services) it is able to offer its clients tailor-made solutions based on a thorough knowledge of all relevant markets.

PREFACE

Is the sky really the limit for M&A? Since the first edition of this Belgian M&A Monitor five years ago, we have witnessed a continuous surge in the number of transactions and the multiples being paid. The average **EV/EBITDA multiple in Belgian M&A increased from 5.0 in 2013 to 6.7 times EBITDA** nowadays. The number one concern highlighted by M&A advisors that filled in our survey, is the current overheating of the market. Nevertheless, two out of three respondents expect M&A activity in Belgium to keep on rising in 2018.

It is of course not surprising to observe elevated multiples in a seller's market that is characterized by economic recovery and easy access to cheap financing. However, the question remains of whether acquisition prices have reached their limits. Part of the answer lies in the interpretation of the multiple which is in fact simply the inverse of the required return by investors. An EV/EBITDA multiple of 6.7 indicates that investors would realise a return of approximately 15% before taking into account any investment expenditures. **A further increase in prices would result in returns that no longer outweigh the risks associated with the acquisition**. We can only hope that both strategic and financial buyers keep on making this reflection.

Despite the critical note in the above paragraph, high multiples could of course be warranted in case of strong growth potential or limited risk in the target's business. **That is why we report for the first time valuation and financing multiples per sector**. Industries with relatively lower multiples are "Retail" (5.3x EBITDA), "Transport and logistics" (5.7x) and "Construction" (6.0x). Sectors characterized by superior multiples are "Technology" and "Healthcare" (both 8.2x), "Pharmaceuticals" (9.2x) and "Real Estate" (9.3x). We are convinced that publishing these sector multiples increases the practical usefulness of this Monitor even further in setting price expectations for Belgian M&A.

In previous editions, M&A advisors emphasized the Belgian unstable regulatory and tax environment as a restraining factor for M&A activity. In our most recent survey, we explicitly inquired respondents about their **expectations concerning the reform package agreed upon by the Belgian federal government and presented in its "summer agreement"**. While the vast majority of M&A professionals expect a neutral or slightly positive impact due to especially the decrease in corporate tax rate and the introduction of tax consolidation, some also highlight the interest deduction limitation based upon EBITDA and more stringent conditions for the exemption of capital gains as possible limiting factors.

In the remainder of this 2018 M&A Monitor, detailed insights are presented into the evolution of Belgian M&A activity, current typical payment and financing structures and various process characteristics that could be highly relevant for buyers, sellers and all professional parties involved in Belgian M&A.
We wish you a rewarding read!

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METHOD

The insights presented in this document are based on the online survey responses from **152 Belgian M&A experts**, collected between **20 February and 27 March 2018**. This sample of M&A professionals was gathered through Vlerick's professional network and that of the sponsors of the Centre for Mergers, Acquisitions and Buyouts, supplemented by online searches.

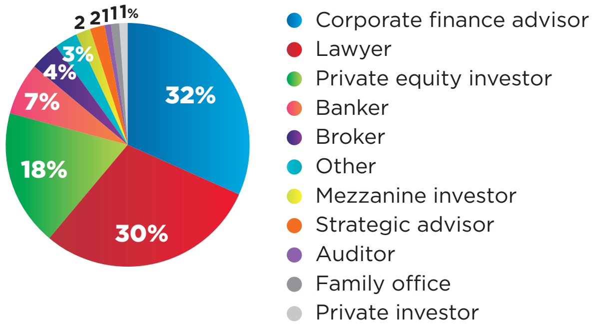
We first present the respondents' insights into the evolution of the Belgian M&A market. We distinguish between strategic M&A (i.e. M&A by companies that provide products or services themselves) and financial transactions (acquisitions by financial sponsors like private equity or family offices). The subsequent results relate specifically to the transactions that the respondents have been involved in during 2017. Before the survey was sent out, it was tested extensively and verified by several practitioners and academics.

ABOUT THE RESPONDENTS

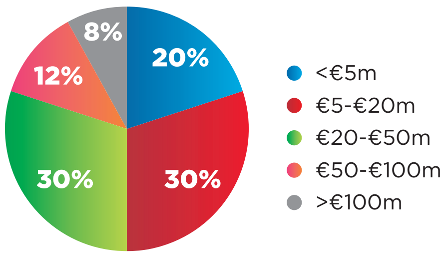
The surveyed experts represent a **comprehensive view of the entire Belgian M&A market**. They:

- Cover a wide variety of professional roles, with corporate finance advisors (32%), lawyers (30%), private equity investors (18%), bankers (7%) and brokers (4%) as the largest groups;
- Represent various deal segments: 60% of the respondents are primarily active in M&A with a total deal value between €5 - €50 million, 20% work on deals with a value greater than €50 million, and 20% work on small transactions (< €5 million);
- Cover a wide range of industries, with the strongest presence in business services (50%), consumer goods (46%) and construction (36%);
- Have an average of 14 years of professional M&A experience, with a minimum of 1 year and a maximum of 40 years of experience;
- Have worked on an average of 9 deals over the 12-month period preceding this survey;
- Are active in the three main regions of Belgium (142 in Flanders, 103 in Brussels, and 83 in Wallonia), as well as outside Belgium's borders (61 in Europe, 31 in other regions).

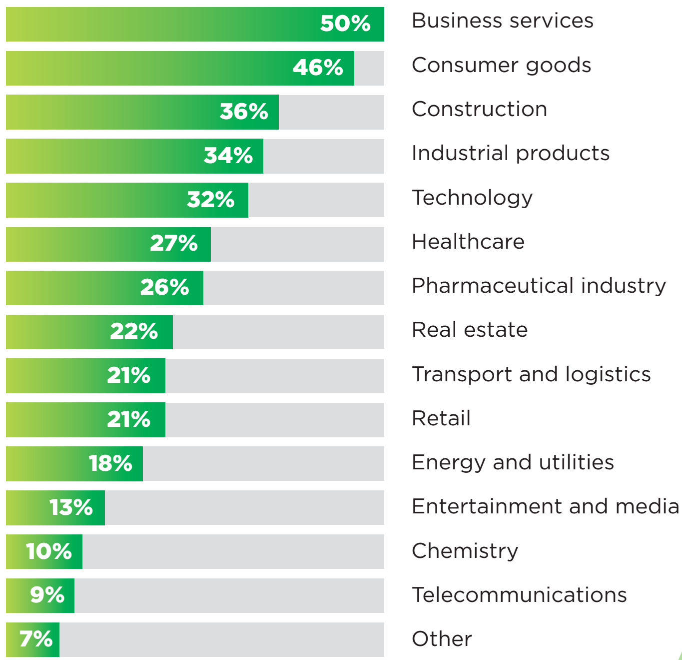
% RESPONDENTS PER PROFESSIONAL ROLE



PRIMARY MARKET SEGMENT OF RESPONDENTS - TRANSACTION VALUES



% RESPONDENTS INVOLVED IN M&A IN A GIVEN SECTOR OVER THE PRECEDING YEAR

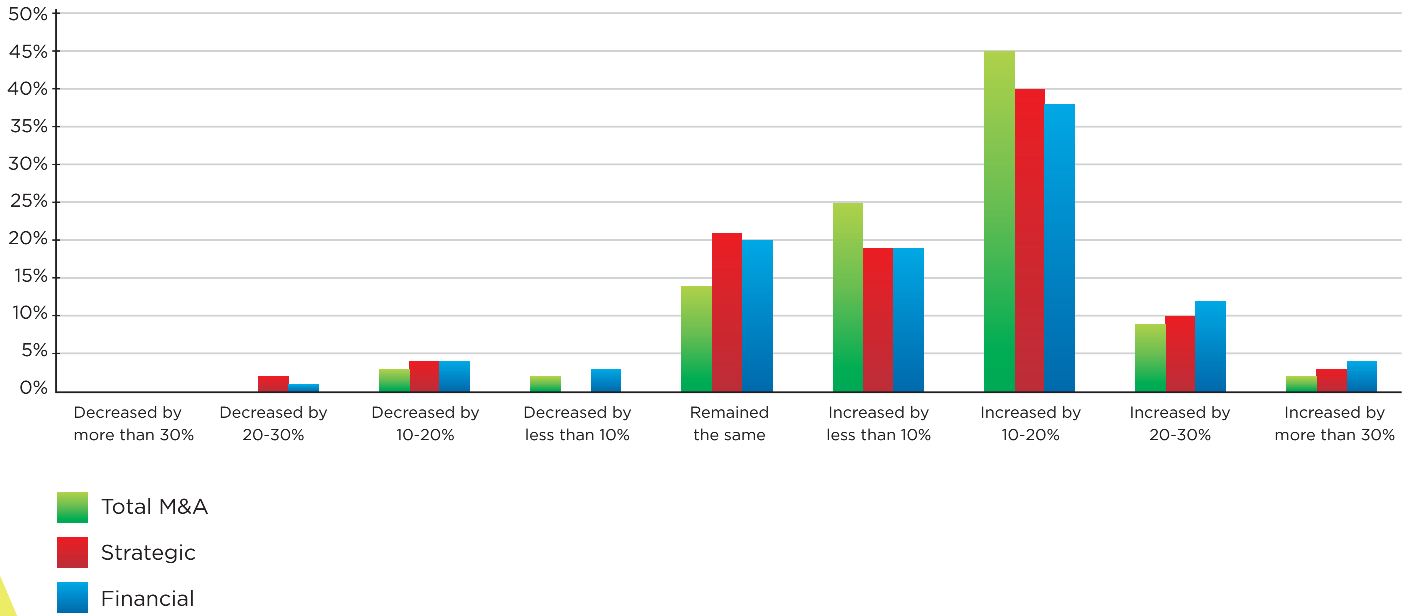


THE EVOLUTION OF THE BELGIAN M&A MARKET

BELGIAN M&A ACTIVITY IS STILL FLOURISHING

The Belgian M&A market keeps on booming. 81% of the surveyed experts observed an increase in the number of M&A transactions in Belgium, while only 5% perceived a decline. The increase proves to be significant, with the majority of all respondents even reporting a rise of more than 10%. The ongoing trend is sustained by both financial and strategic buyers as similar growth rates are recorded across both types of acquirers.

2017 EVOLUTION OF NUMBER OF M&A TRANSACTIONS

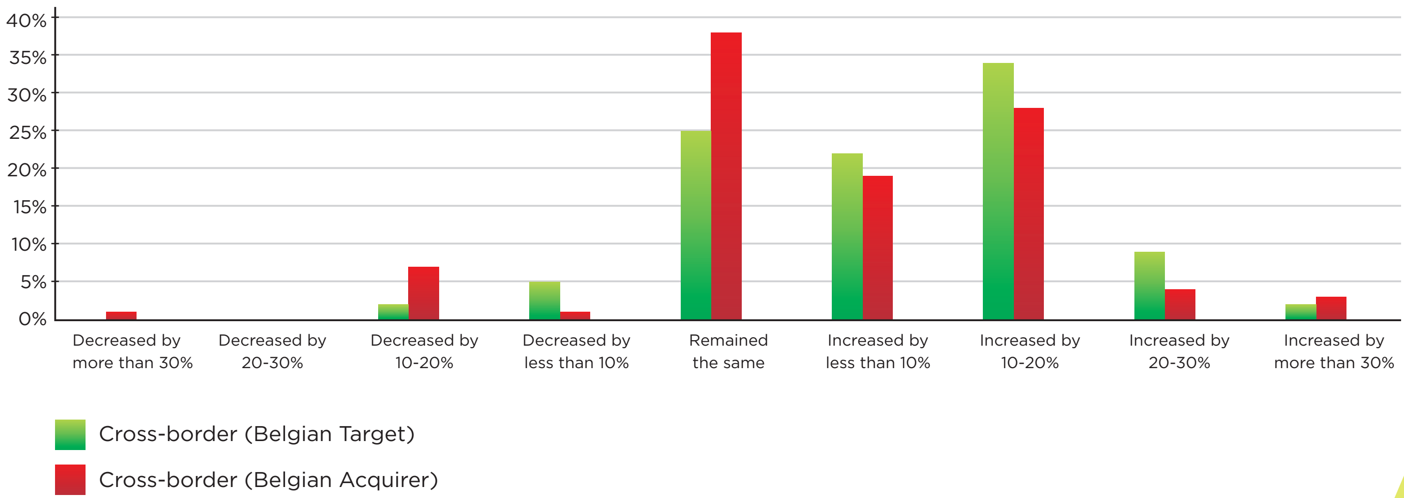


CROSS-BORDER M&A INVOLVING BELGIAN COMPANIES

The popularity of Belgium as a target country for M&A keeps on growing. 67% of the experts report an increase in acquisitions of Belgian companies by foreign acquirers while only 25% stated that the number of Belgian targets remained the same.

The growth pattern for cross-border deals by Belgian acquirers is less pronounced as only 54% report an increase and 38% believe that the number of cross-border transactions by Belgian acquirers stabilized.

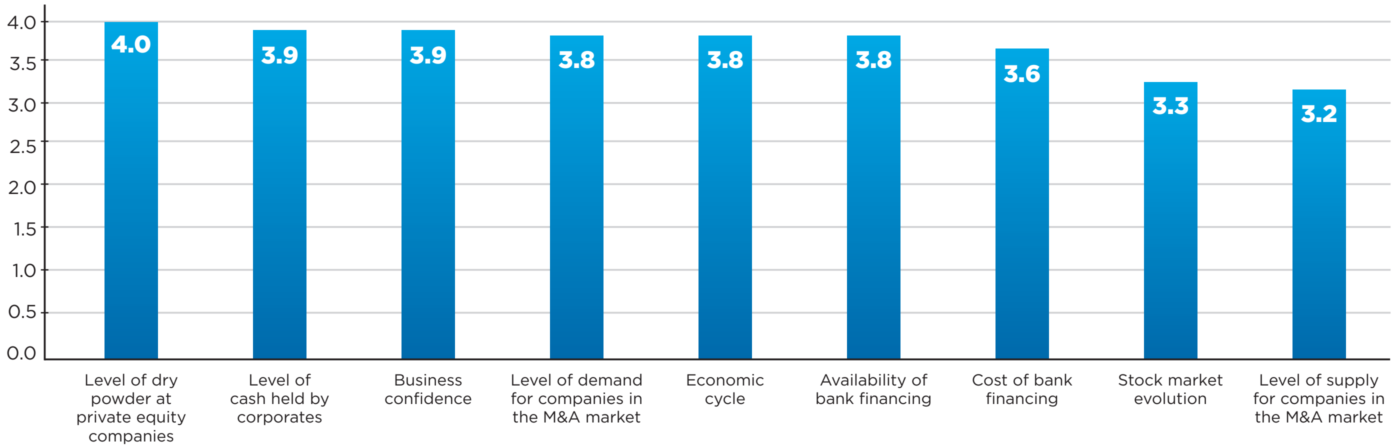
2017 EVOLUTION OF NUMBER OF CROSS-BORDER M&A TRANSACTIONS



A SELLERS' MARKET

We asked the experts to assess the importance of different M&A drivers on a 5-point scale: significant improvement (5) – improvement (4) – neutral (3) – obstacle (2) – significant obstacle (1). Our results indicate that the most important drivers behind the current booming M&A market are cash levels held by both private equity (4.0) and corporates (3.9) and business confidence (3.9). The availability of cash reserves keeps on incentivising financial and strategic buyers to look for targets and even significantly outweighs the role of easy access to bank financing (3.6). The importance of business confidence shows that many boards, CEOs and investors remain confident in both the economy and the M&A landscape. These drivers continue to generate a seller's market, clearly illustrated by the difference in the level of demand (3.8) and supply (3.2) of companies.

DRIVERS OF M&A ACTIVITY (5-POINT SCALE)

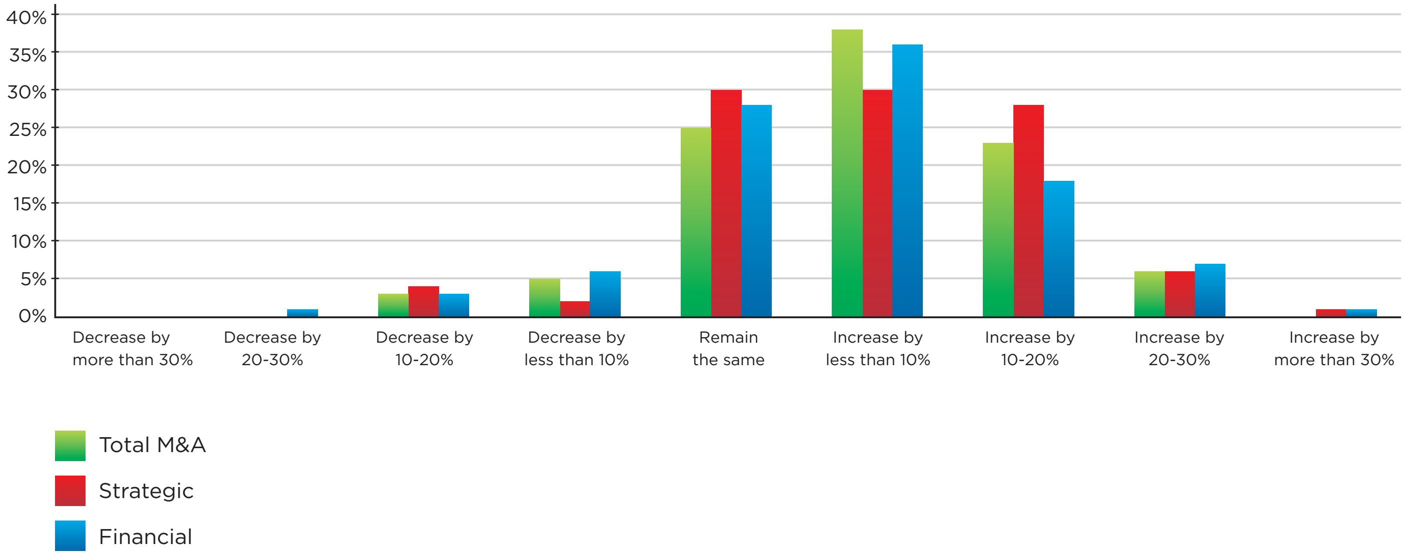


EXPERTS PREDICT AN EVEN BRIGHTER FUTURE

Despite concerns of an overheated market and high valuation multiples, many M&A experts still believe that the available dry powder from financial buyers and the cash held by corporates will be sufficient to stretch out the M&A boom for an additional year.

67% of the respondents predict a further increase, while only 25% believe that the market will stabilize. 8% of our respondents forecast a slight drop in deal volume. Results are again found to be comparable across financial and strategic buyers.

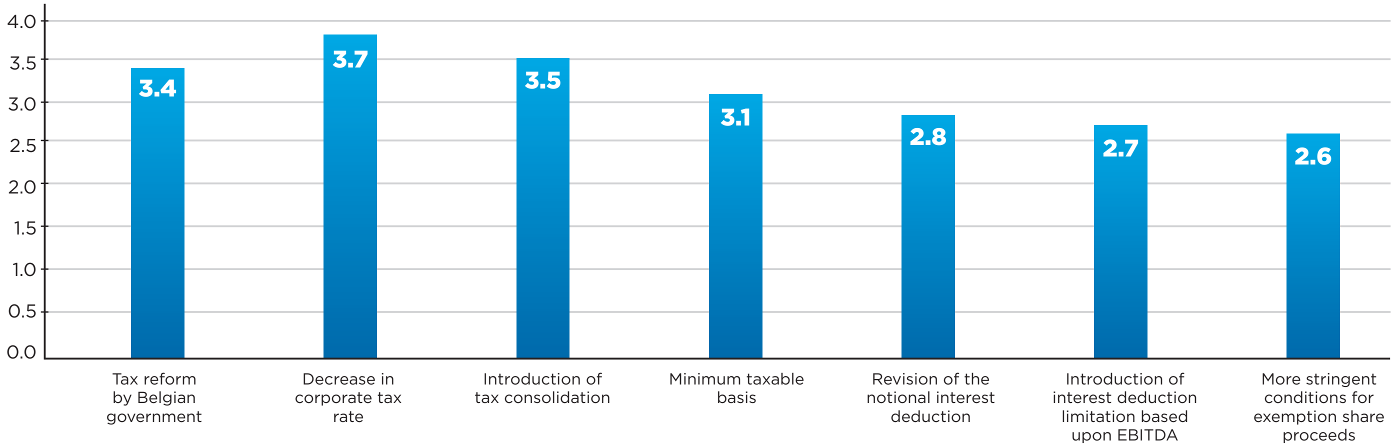
EXPECTED EVOLUTION OF THE NUMBER OF M&A TRANSACTIONS IN 2018



AN UNCLEAR FISCAL LANDSCAPE

Prior editions of our Monitor highlighted regulatory uncertainty as an important constraining factor in M&A activity over the past years, both from the perspective of potential buyers as well as sellers. That is why we surveyed in particular the expected impact of the reform package presented by the Belgian government in its "summer agreement" in this year's survey. We again use the same 5-point scale (significant improvement – improvement – neutral – obstacle – significant obstacle) and observe an average expected impact that is only slightly positive (3.4), mainly driven by the decrease in the corporate tax rate and the introduction of tax consolidation (allowing corporations with various subsidiaries to combine the profits and losses of these different entities). The implementation of an interest deduction limitation based upon EBITDA and the more stringent conditions for the exemption of capital gains, on the other hand, are expected to put some minor downward pressure on takeover activity.

IMPACT OF SUMMER AGREEMENT (5-POINT SCALE)



FNG focusses on two ways of value creation within the retail sector: managing a complementary brand portfolio via buy-and-build, and omni-channel sales driven by data and supported by Artificial Intelligence

FNG acquires Suitcase and Concept Fashion, Dieter Penninckx, CEO FNG

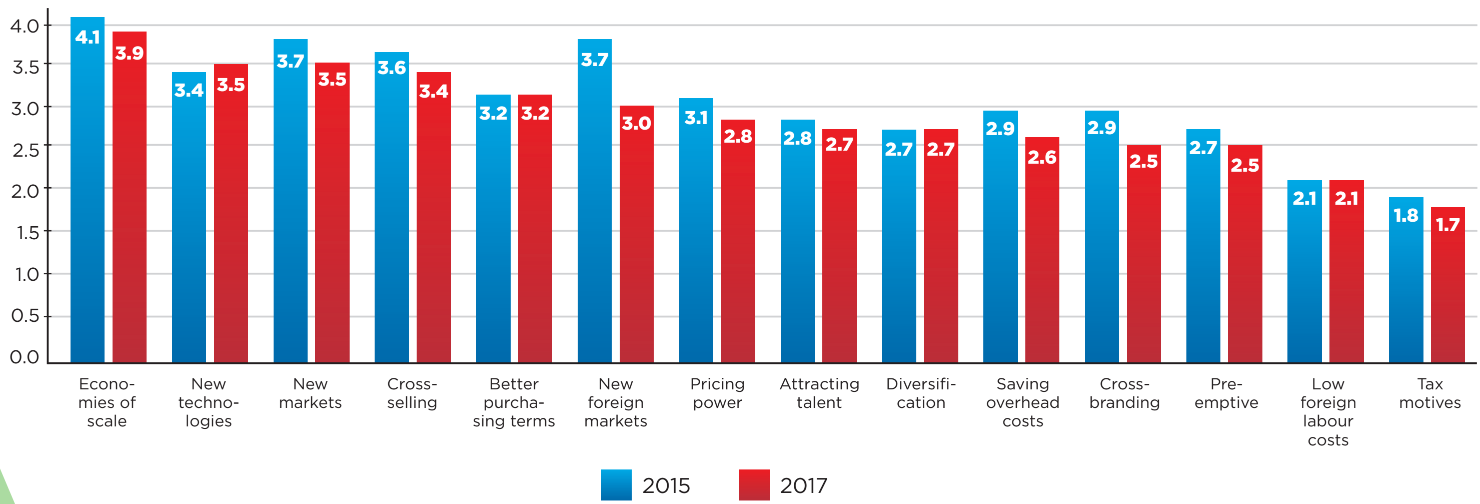
HEY,
HI, HELLO

WWW.FNG.EU

MOTIVES

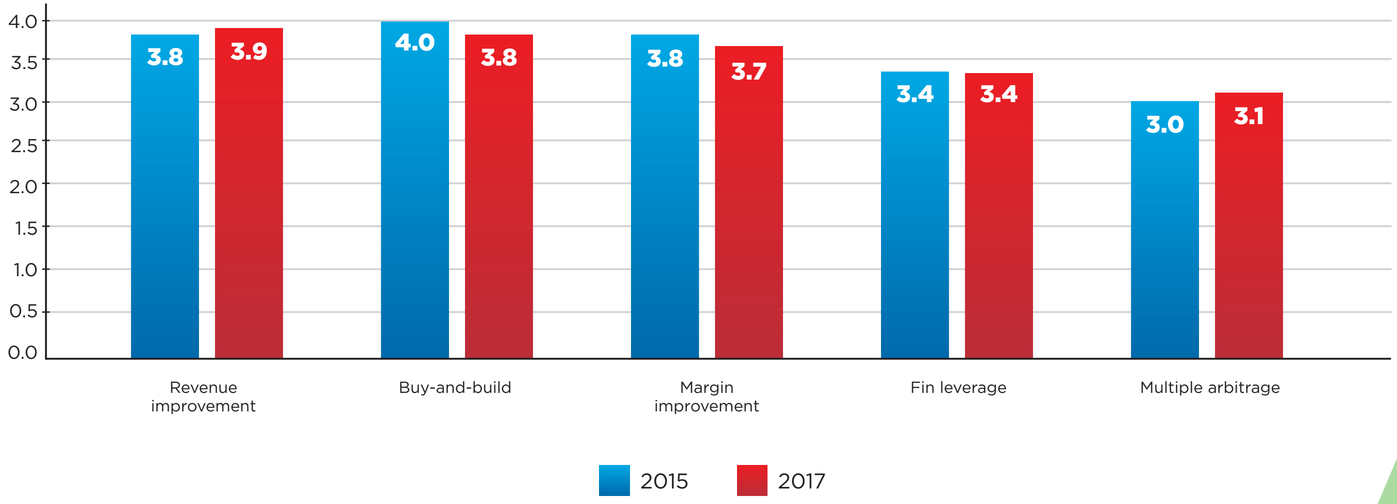
The surveyed experts observed a stable evolution in motives driving M&A transactions in Belgium since 2015. Realising economies of scale (3.9) stayed by far the top motive for strategic buyers. Interestingly, a rise in technology driven acquisitions can be observed as accessing new technology (3.5) now ranks second (up from the fourth place in 2015). Exploiting cross-selling opportunities (3.4) remains the third most important reason for pursuing strategic deals, followed by better purchasing terms (3.2). Consistent with the relatively lower observed growth rates for cross-border transactions by Belgian acquirers, obtaining access to foreign markets through M&A (3.0) has become significantly less important compared to 2015. Attracting talent (2.7), diversification (2.7), savings in overhead costs (2.6), cross-branding (2.5) and pre-emptive M&A (=preventing a competitor to become stronger) (2.5) seem to be less prominent factors. Benefiting from low foreign labour costs (2.1) or realising tax advantages (1.7) are rarely the reason to pursue M&A deals.

MOTIVES FOR STRATEGIC BUYERS (5-POINT SCALE)



The results depict a slight strategic shift for financial buyers. Buy-and-build motives (3.8) used to be the most important source of value potential in 2015, while this year's figures show a shift towards targets that offer lots of potential in terms of revenue improvements (3.9). Margin improvements seem to have become slightly less important (3.7). Despite easy access to relatively cheap bank financing, financial leverage (3.4) is only found to play a secondary role. Given current escalating multiples (see further), multiple arbitrage (3.0) is of course not considered to be the driving factor behind acquisitions of financial buyers.

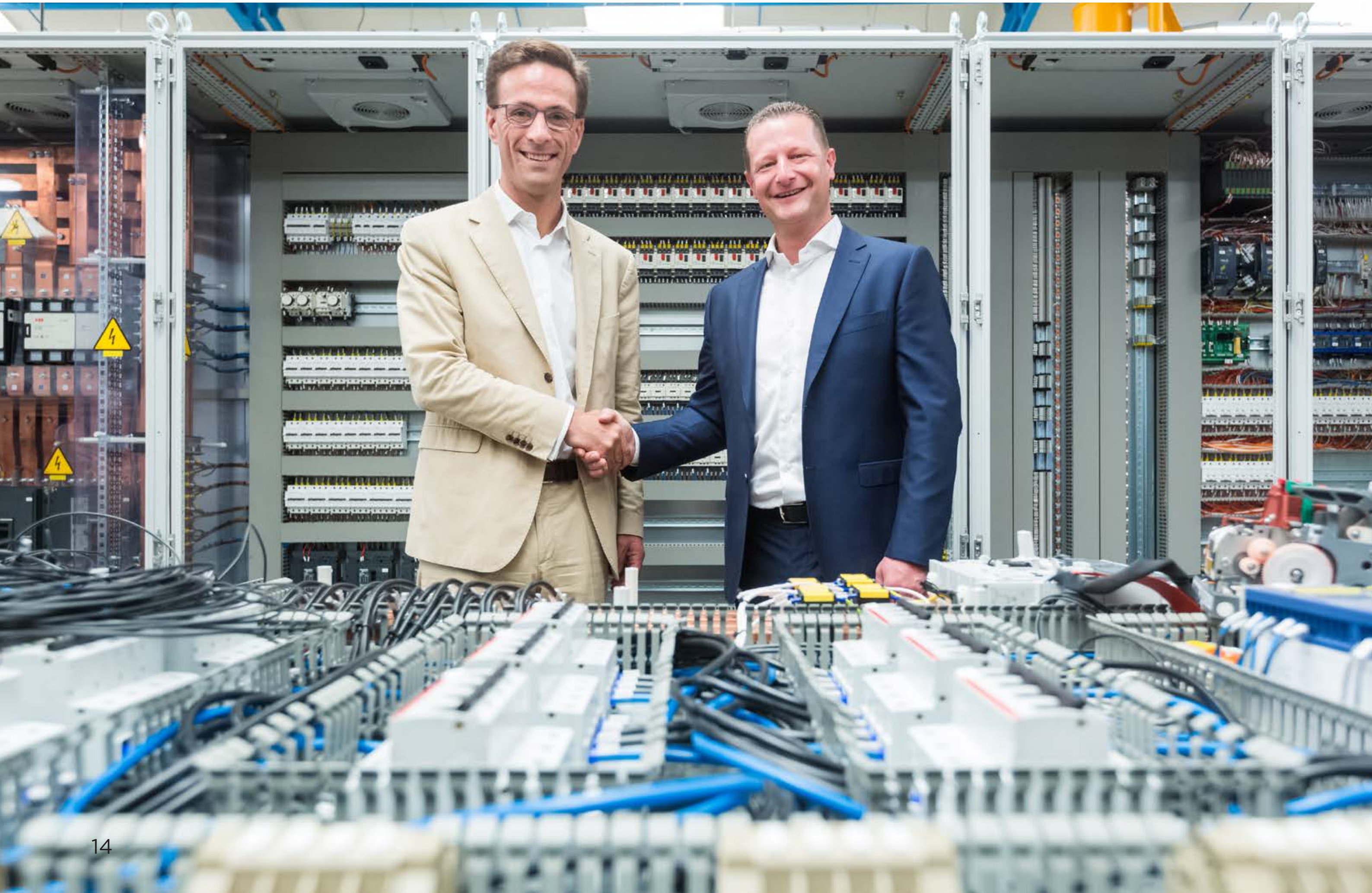
MOTIVES FOR FINANCIAL BUYERS (5-POINT SCALE)



With NEWELEC, we can help Walloon and Brussels companies consume less energy in order to reduce their bill and their ecological footprint.

The EDF Luminus Group has almost 2,000 employees, and most of them are dedicated to energy efficiency and renewable energy services. Thanks to this operation, EDF Luminus will further expand its range of energy efficiency services in Belgium and will be able to offer new technical solutions to its customers. We want to become the first energy partner, bringing progress and comfort to all our customers through our 5 star service, our innovative and sustainable solutions, the global expertise of EDF and our strong local presence.

Christophe Leclercq, CEO of Newelec & Grégoire Dallemagne, CEO of EDF Luminus
Acquisition of a majority stake in Newelec by EDF Luminus

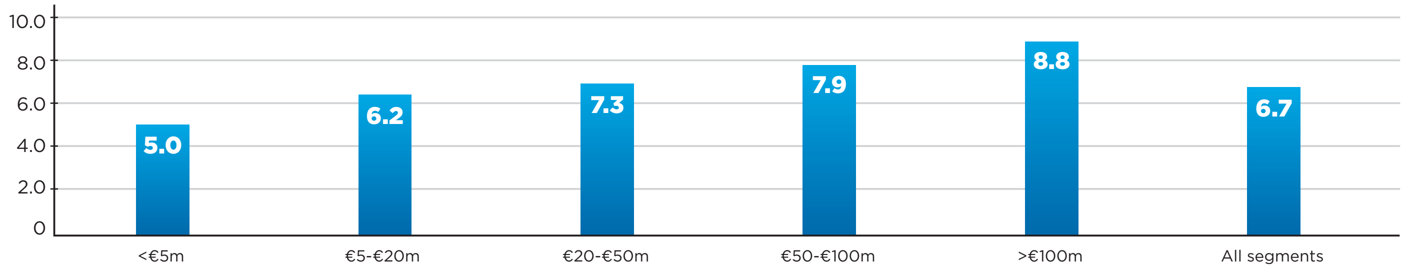


VALUATION

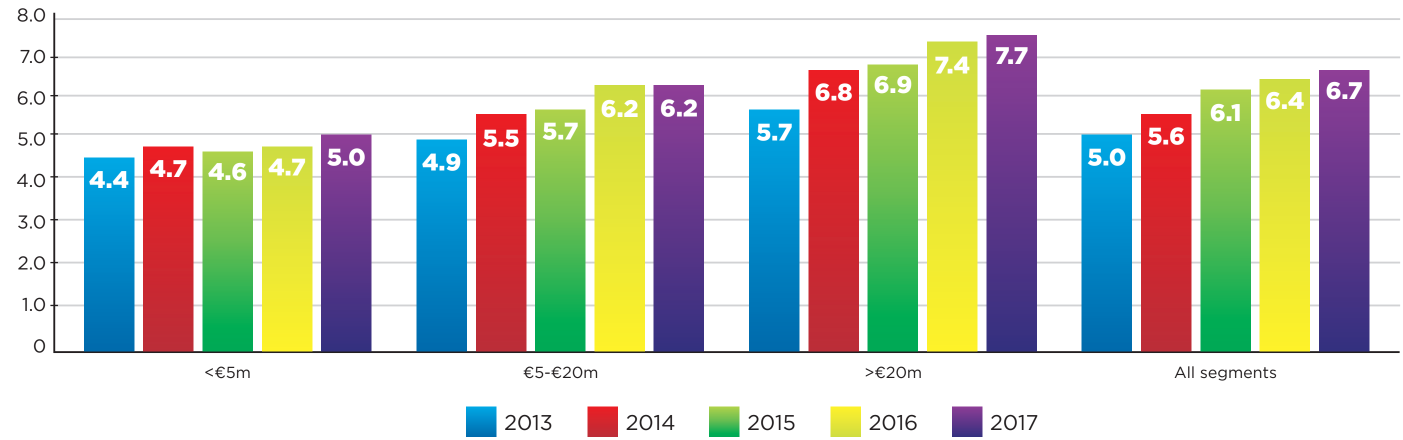
The previously highlighted drivers of the seller's market of course also drive up prices. We asked the surveyed experts to provide the average multiple of the deals they were involved in during 2017. The average observed EV/EBITDA multiple across all industries amounts to 6.7 and has been rising for the fifth consecutive year.

A company will be sold in today's markets for 1.7 times EBITDA more compared to the same company in 2013. Remarkably, this year's surge in multiples is also visible in the smallest deal segment, reaching a level of 5.0 for the first time. Companies in the segment above €100 million are even sold at 8.8 times EBITDA on average.

AVERAGE ENTERPRISE VALUE (EV)/EBITDA



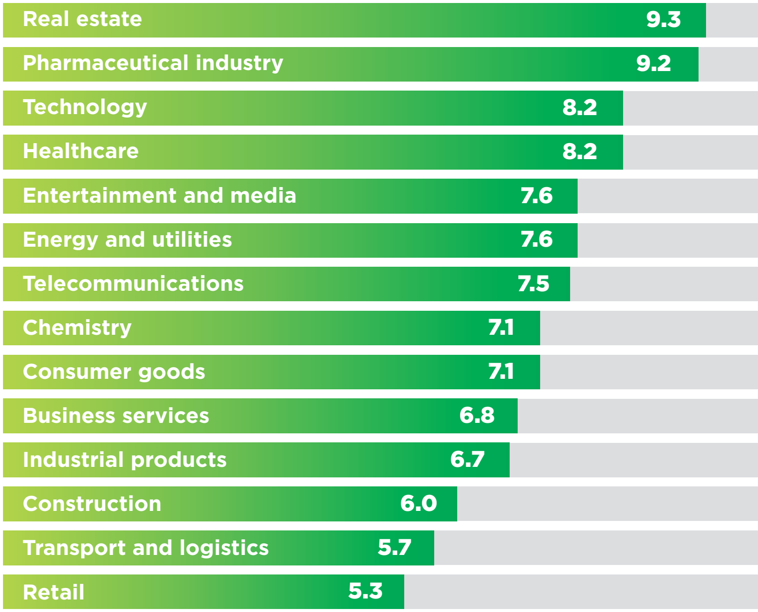
EVOLUTION EV/EBITDA



The novelty in this year's Monitor is that we asked respondents to also provide input into the multiples that were observed per industry, next to the aggregated average. We find that real estate takes the lead with a multiple of 9.3, driven by its low risk profile. Consistent with the highly valued patented know-how, scalability and high regulatory barriers, the average target in the pharmaceutical industry is valued at a multiple of 9.2. Similarly, high growth expectations in health care (8.2) and technology (8.2) drive up multiples.

Also entertainment and media (7.6), energy and utilities (7.6) and telecommunications (7.5) rank above the overall average. Chemistry (7.1), consumer goods (6.9), business services and industrial products (6.7) centre around the 6.7 threshold. The more slow growth and asset-heavy industries such as construction (6.0), transport and logistics (5.7) and retail (5.3) sell at the lowest multiples.

EV/EBITDA PER INDUSTRY



Doing acquisitions, or rather investments, is also about having a clear view on the core business priorities. It allows you to have a truly relevant discussion with management on the strategic plan as from the first meeting. But equally important, it allows parties to grasp the momentum of an M&A process.

Together with management Gimv acquired specialist staffer Impact from the Dutch mother company Humares. From the opening of the dataroom to the signing of a full SPA took us three weeks, a clear differentiator versus other potential acquirers.

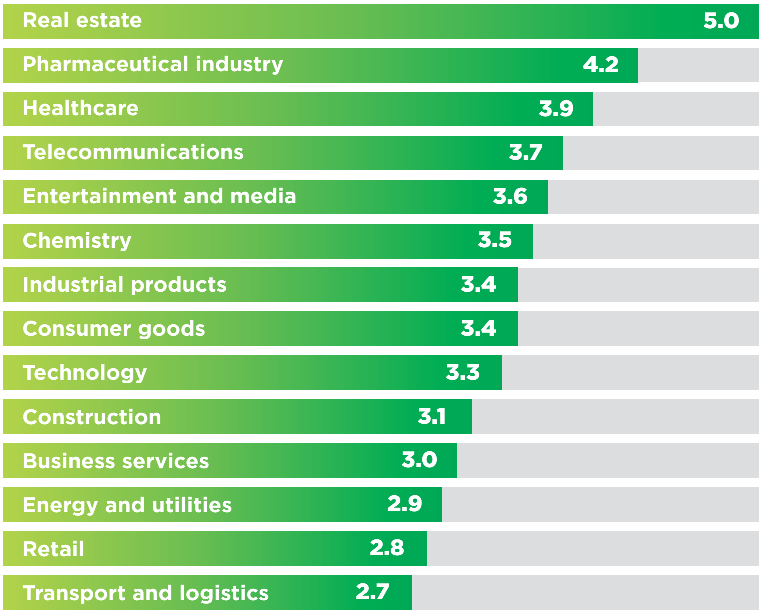
Dirk Dewals, Managing Partner Gimv & Eric Dantinne, Managing Director Impact
Management buy-out

DEAL STRUCTURING & FINANCING

This section zooms in on the sources of funds used to finance M&A transactions. We examine the typical extent of debt financing in M&A and the required (semi-) equity in MBO/MBI transactions. In addition to upfront financial needs, the deal structure might include delayed payments that are fixed (vendor loans) or that depend on post-M&A-performance (earnouts).

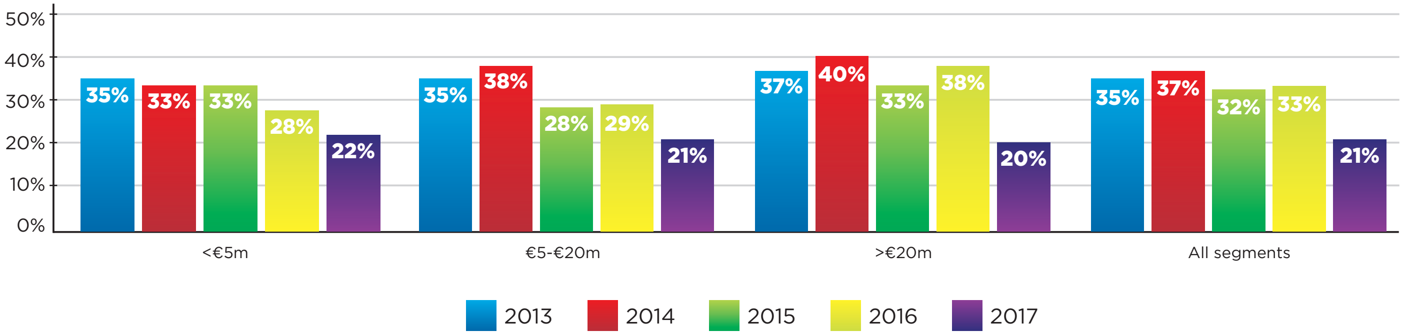
We investigate the extent of debt financing by asking respondents about the sector average ratio of net financial debt (NFD) compared to EBITDA to finance M&A transactions. In line with the results for the highest priced industries, we find that acquisitions of real estate (5.0), pharmaceutical (4.2) and healthcare (3,9) companies are the most levered relative to their EBITDA figure. The lowest priced industries seem to also use least leverage in financing the transaction. Both construction and retail have an average NFD-to-EBITDA of 2.8. Transport and logistics amounts to 2.7. Despite high valuation multiples, the debt ratio for technology companies (3.3) is close to the overall average (3.0). This can be explained through the high observed risk in this sector. Although energy and utilities (2.9) and business services (3.0) sell at significantly lower multiples compared to healthcare, they seem to target a similar deal structure in terms of NFD.

NFD/EBITDA PER INDUSTRY



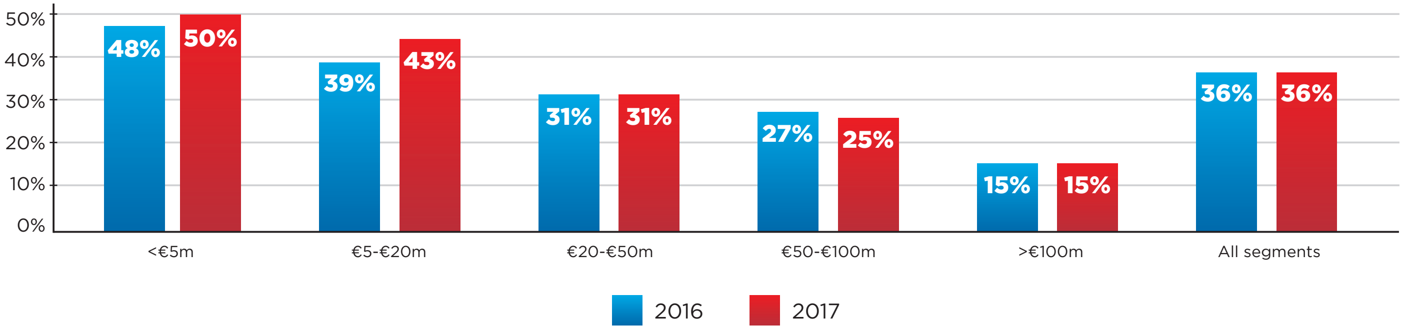
Although there is a lot of dispersion in leverage ratios across the different industries, the overall use of debt financing is substantial. This conclusion is supported by the limited fraction of equity needed to finance buy-out deals. 2017 showed a remarkable decrease in management contributions to finance transactions over all segments. The average fraction of equity and semi-equity needed to finance an MBO/MBI decreased from 33% in 2016 to 21% in 2017. Moreover, this decrease is noticeable across all deal segments, showing that debt financiers still have substantial confidence in the profitability of takeover deals in all different size segments.

% (SEMI-) EQUITY NEEDED TO FINANCE MBO/MBI



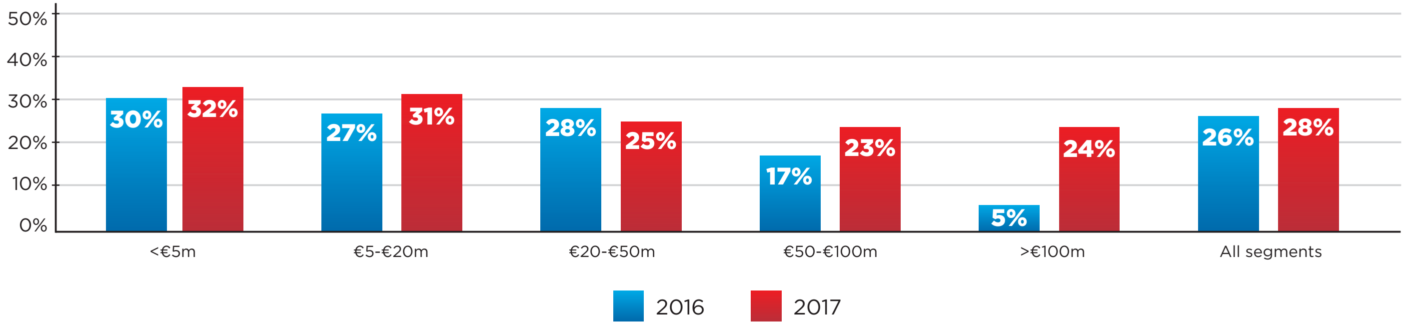
The use of vendor loans remained stable compared to 2016. This is visible across all size segments. In 36% of all transactions, a vendor loan is used to finance part of the enterprise value. For deals with a value of less than € 5 million, half of all deals include such a vendor loan. Vendor loans are found to finance an average of 17% of total enterprise value and involve an average interest payment of 6.26%.

% OF DEALS INCLUDING VENDOR LOANS



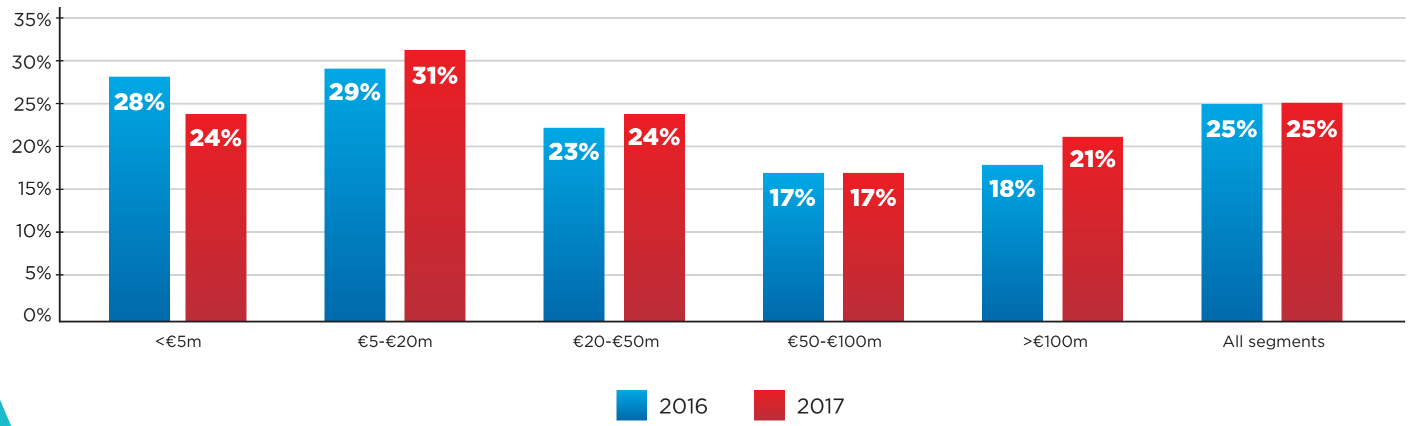
Earnouts were used in 28% of all transactions, showing a minor increase, except for deals with a transaction value between €20 and 50 million, where the percentage slightly decreased from 28% till 25%. The overall increase is mainly a result of higher earnout usage among the largest deals, as the fraction increased from 5% till 24% .

% OF DEALS INCLUDING EARNOUTS



Another surveyed aspect of deal structuring is the liability cap, i.e. the maximum liability of the selling party in case of a breach of representations & warranties. The results indicate that experts still observe a difference in risk allocation according to the size segment. The liability cap was set highest for deals with a transaction value between €5 and 20 million and increased from 29% in 2016 to 31% in 2017. Surprisingly the liability cap for the smallest segment is set lower and even decreased from 28% in 2016 to 24% in 2017. For mid-size deals there were no significant evolutions, whereas it increased for the largest deal segment from 18% in 2016 to 21% in 2017. Combining these results, the overall average remained constant at 25% of the deal value.

LIABILITY CAP (% OF DEAL VALUE)



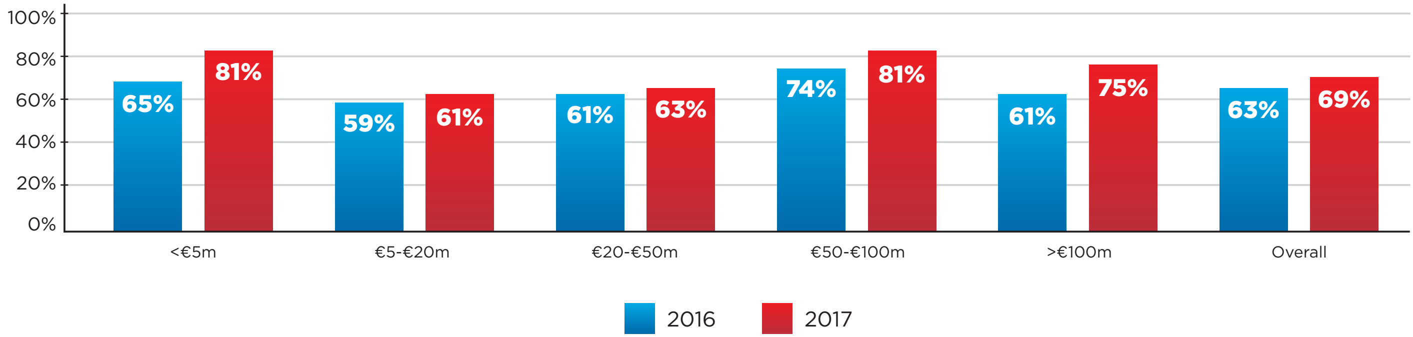
Having succeeded in making myself, both as a founder and CEO, “positively unnecessary” in running the daily operations, through a dedicated step-by-step approach over the last years and in close cooperation with the management team, has proven to be a key- success driver in establishing a solid, most acceptable saleable company as well as closing a profitable deal. Moreover, during earn out I even did not have to assist the company in outperforming all targets to be met. A clear win-win deal to all parties involved.

Steven Deketelaere, Founder and General Manager iVOX
Acquisition of iVOX by Bilendi

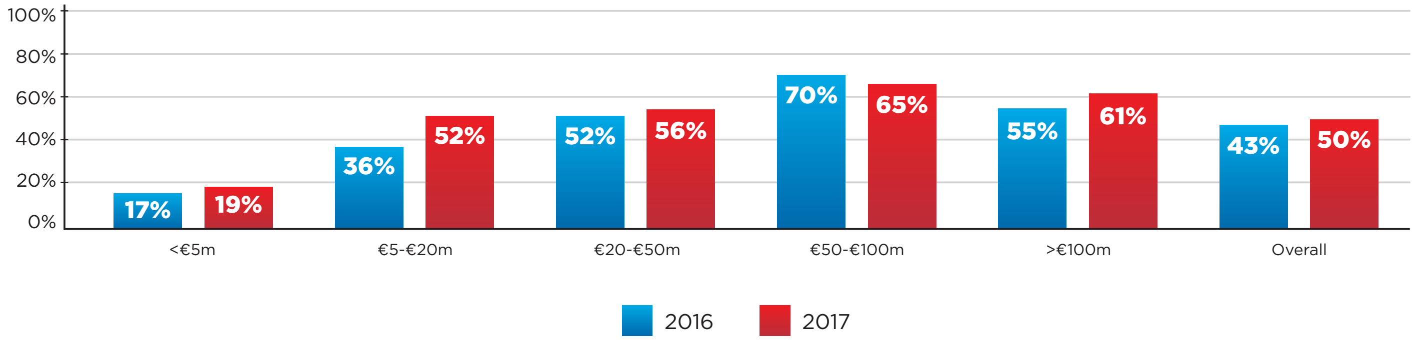
DEAL PROCESS

M&A professionals experienced a significant increase in seller-initiated transactions, amounting to 69% of all 2017 deals compared to 63% in 2016. Of those seller-initiated transactions, around 50% is organised through an auction. This represents a significant increase from the 43%-level in 2016. Although auctions are still mostly used for larger deals, experts also experienced a significant increase in the number of small companies being sold through auctions. This evolution is mainly driven by fierce competition for all size segments and an increased amount of family firms putting their company for sale via auction mechanisms. The most significant change is observed for deals with a transaction value between €5 and 20 million

% SELLER-INITIATED TRANSACTIONS

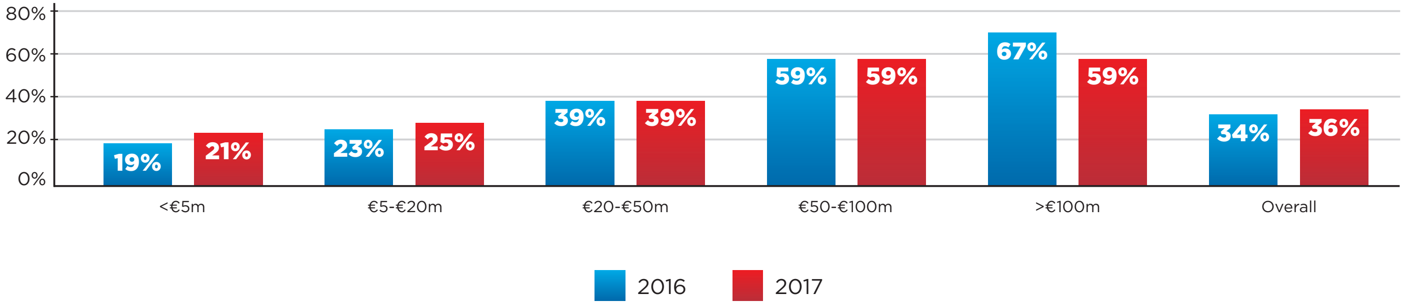


% AUCTIONS



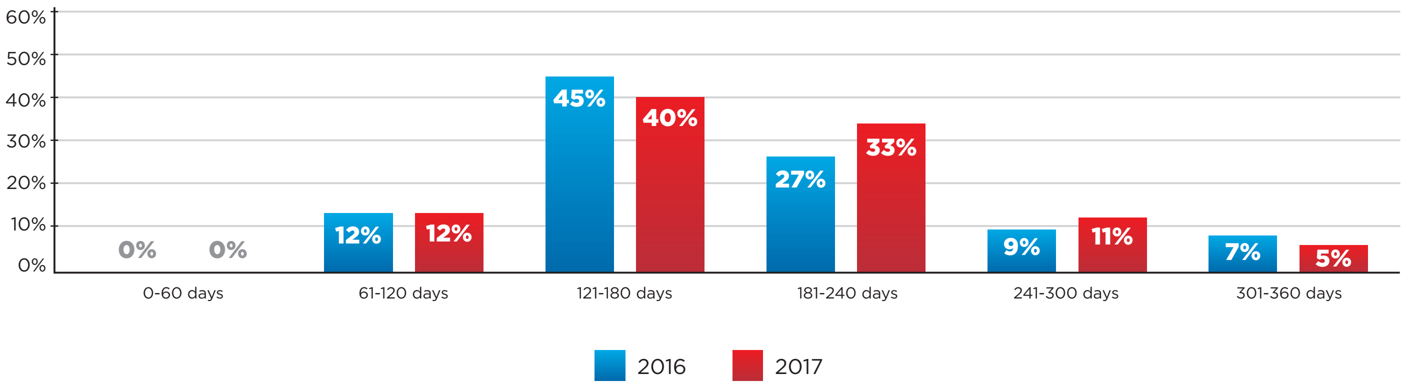
The overall usage of vendor due diligence remained relatively stable, as the figure increased moderately from 34% in 2016 to 36% in 2017. The prevalence of vendor due diligence still increases with transaction size, although a significant decrease is observed for the largest deal segment from 67% in 2016 to 59% in 2017. Vendor due diligence is used more frequently compared to 2016 for the smaller segments. The fraction increased from 19% in 2016 to 21% in 2017 for deals with a transaction value less than €5 million and from 23% in 2016 to 25% in 2017 for deals with a transaction value between €5 and 20 million.

% TRANSACTIONS SUPPORTED BY VENDOR DUE DILIGENCE



The typical M&A process takes around 6 months, from first contact to final closing. There has been a slight increase in the length of the deal process over the past year. 49% of all respondents report that their M&A deals on average took more than 6 months till completion compared to only 43% in 2016.

LENGTH OF DEAL PROCESS

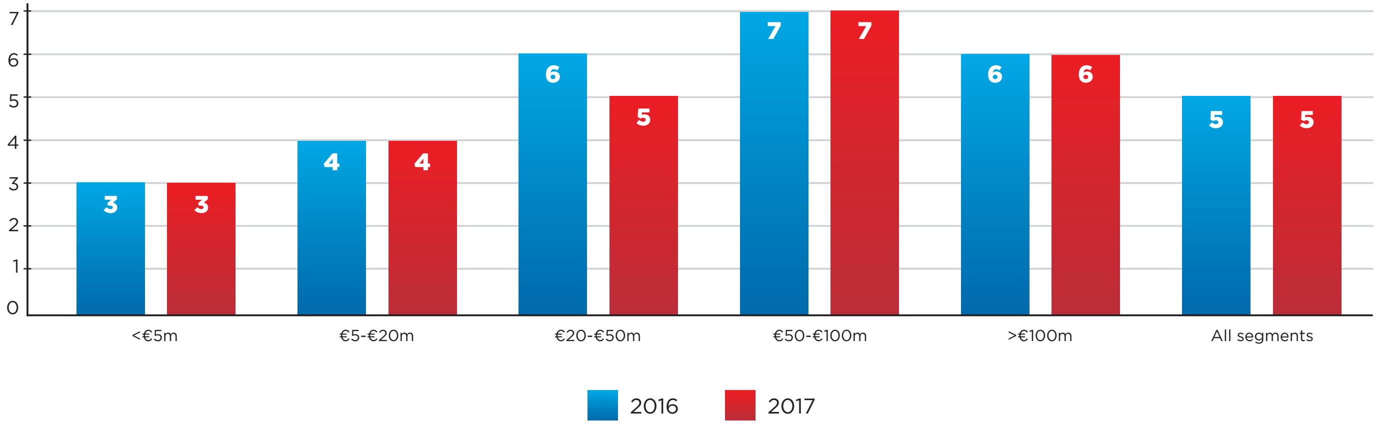


BIDDING COMPETITION

On average, 5 bidders made an indicative offer per target company in 2017. This figure is equal to the average number of bidders in 2016. This number increases with the size of the target – ranging from 3 for the small targets (<€5 million) to 6 or 7 for big transactions (>€50 million).

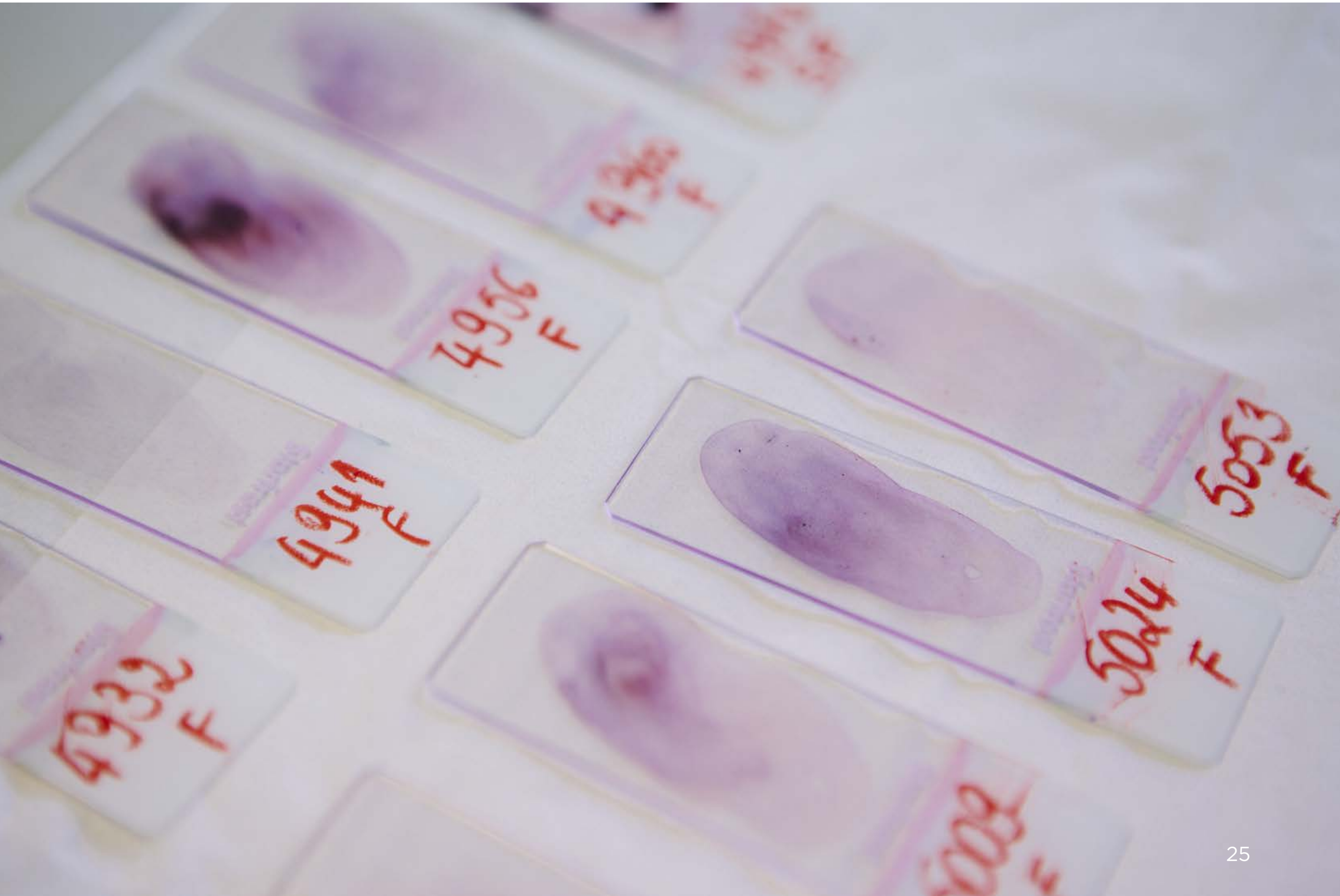
Despite the vast capital requirements needed to acquire very large targets, these sale processes often attract more interested parties due to their greater visibility, strong networks, the interest of foreign parties, and greater opportunities to realise economies of scale.

AVERAGE NUMBER OF BUYERS MAKING INDICATIVE OFFER



> We are extremely pleased to welcome Labo Van Poucke, a family-owned clinical diagnostics specialist, to Eurofins' family of businesses. This acquisition provides Eurofins with a valuable entry into the Belgian clinical diagnostics market; in return LVP will gain access to the full range of services and capabilities of the Eurofins Group, which will significantly increase LVP's testing portfolio for the benefit of medical practitioners and their patients.

Dr. Gilles Martin, Eurofins CEO
Acquisition of Labo Van Poucke by Eurofins



TRENDS & CHALLENGES

BELGIUM: A RESORT FOR FOREIGN ACQUIRERS

The majority of experts report that the interest of foreign acquirers in Belgian companies kept on rising for another year. These findings are not only caused by strategic buyers but also by foreign PE funds entering the Belgian market due to saturated domestic markets. The foreign cash influx is, however, a two-sided medal as many decision centres are moved abroad. Keeping knowhow within the Belgian borders, should be a necessary concern for policy makers in the long term.

> THE RELOCATION OF BELGIAN COMPANIES, TECHNOLOGIES, INTELLECTUAL PROPERTY AND LABOUR ABROAD IS THE MOST IMPORTANT CHALLENGE FOR THE BELGIAN ECONOMY.

HOW STRONG IS THE NEED TO EMPTY YOUR POCKETS?

High multiples and large amounts of cash available are a blessing for sellers in today's market. Buyers, however, need to be careful and withstand the temptations that come from an environment where competition is fiercer than ever. Academic evidence actually shows that cash rich bidders are more tempted to do takeovers and overpay for their targets. Both corporate and financial buyers need to keep on setting objective investment criteria based on their due diligence and stick to it.

> HIGH LEVELS OF CASH RESERVES HELD BY PE AND STRATEGIC BUYERS THREATEN SOUND DEAL MAKING.

WILL FAMILY BUSINESSES DRIVE NEW DEAL VOLUME?

A gradual increase in the number of family firms that are being sold can be observed. While owner/managers have been postponing the sale of their firm mainly due to low interest rates on savings, the age of many entrepreneurs might force them to actively start examining exit strategies over the next couple of years. In addition, the recent surge in family offices might constitute an interesting avenue for family firms given their extensive experience with the non-financial struggles of family firms and the transfer of ownership.

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THE MULTIPLICATION AND PROFESSIONALIZATION OF FAMILY OFFICES CREATED A NEW CATEGORY OF BUYERS THAT MIGHT BE BETTER ALIGNED WITH THE INTERESTS OF FAMILY BUSINESSES.

A SCATTERED LANDSCAPE OF FINANCIAL BUYERS

The search for returns in an environment of highly valued public stock and bond markets led to an increase in the attractiveness of private equity. The consequence of this was not only a large increase in available funding of institutional investors, but also an increase in the number of private equity firms. This further aggravates competition especially in the smaller segment of deals since these new private equity firms and family offices often start off with smaller funds. Given the limited amount of qualitative assets on the market, financial buyers should remain disciplined and not give in to the bloated valuations in auctions for certain deals.

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THE BUYERS' LANDSCAPE IS ALREADY TOO CROWDED, BUT NEW FINANCIAL BUYERS ARE AGGRAVATING THE PROBLEM.

FINAL THOUGHTS

BANK J.VAN BREDA & C°

“As a bank specialized in SMEs, we see the monitor as a confirmation of our observations in the market. The multiples continue to rise due to high demand and cheap money and we suspect that this will be confirmed in 2018. In addition, we know that in the coming years many owners of family businesses will consider converting their life’s work into a pension capital and can benefit from higher prices.”

BDO

“This monitor confirms our observations as an M&A advisor regarding the increasing activity in today’s M&A market in Belgium, driven by higher multiples and easy availability of cash. It’s a challenge for buyers to remain disciplined in their decision making process. Looking forward to 2018, the M&A activity continues to be intensive. Some elements of the Belgian tax reform, like the decrease in corporate tax rate and the tax consolidation, will have a positive impact while other elements, like limitations on interest deduction and potential capital gains, have a more negative impact.”

Banque·Bank J.VanBreda&C°

Wannes Gheysen
Responsible Succession & Acquisitions
Bank J.Van Breda & C°

BDO

Veerle Catry
Partner
BDO

GIMV

"In M&A there is no "one size fits all" approach. Therefore, we are pleased to see in this year's edition of the Monitor, the inclusion of sector multiples that are an indication of the attractiveness of different sectors. Even though the price is ultimately determined by the quality of the individual firm, the sector approach is consistent with our view (as a thematic investor) that certain industries may be more sensitive to specific head- or tailwinds."

Dirk Dewals
Managing Partner
Gimv

NAUTADUTILH

"In 2017, the M&A market was seller driven. This trend has carried over into 2018. The level of dry powder available (for both private equity transactions and other M&A deals) remains high, and multiples are rising in all sectors. However, the M&A Monitor reports a slight increase in the duration of the M&A process, which is confirmed by NautaDutilh's Private Equity Barometer (the last issue revealed an average deal time of 19 weeks). This increase can be attributed in part to the fact that potential acquirers tend to initially offer a high non-binding purchase price which they then try to bargain down after due diligence, thereby complicating negotiations."

Elke Janssens
Partner
NautaDutilh

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